

# **State of Alaska FY2005 Governor's Operating Budget**

## **Department of Health and Social Services Alaska Psychiatric Institute Component Budget Summary**

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## Component: Alaska Psychiatric Institute

### Contribution to Department's Mission

To improve and enhance the quality of life for consumers impacted by mental disorders.

#### Alaska Psychiatric Institute's Mission

In partnership with patients, families, and their communities, Alaska Psychiatric Institute (API) will provide appropriate, quality, individualized treatment that assists patients to achieve their goals and be successful in their communities.

### Core Services

API provides seven day a week, twenty-four hour inpatient treatment for Alaskans with severe and persistent psychiatric disorders or serious maladaptive behaviors. Approximately 85% of API's clients are indigent, with no third-party resources (including Medicaid) to pay for services. Clients are admitted either voluntarily or involuntarily through a Peace Officer Application or *Ex Parte* commitment from a judge or magistrate, a mental health professional, or a community mental health center. API provides outreach, consultation, and training to mental health service providers, community mental health centers, and Pioneer Homes. API is presently budgeted, staffed and configured for 74 beds; however, as API may not turn away involuntary patients, we are often at risk of exceeding bed capacity (e.g., our highest daily census in FY03 was again 82 in one day). In FY03, there were 1,227 admissions at API. This figure represents the total number of admissions and includes patients who had more than one admission during the year.

API provides diagnosis, evaluation and treatment services in accordance with its statutory mandates and the strict health care industry standards and requirements set by the Joint Commission on Accreditation of Healthcare Organizations, Centers for Medicare and Medicaid Services, and Alaska's Section on Certification and Licensing in DH&SS' Division of Medical Assistance. API's services include screening and referral; medication stabilization; psychosocial rehabilitation services, multidisciplinary assessments, individualized and group therapy and counseling; patient and family education; and inpatient psychiatric treatment services for adults and adolescents, as well as for court-ordered persons accused of criminal activity or found not guilty by reason of insanity, and adults with severe and persistent mental illnesses who need longer-term care. API serves as a backup to the community mental health centers, coordinating transitions from outpatient care to hospitalization and, alternatively, coordinating care with community mental health centers for patients being released from API.

### FY2005 Resources Allocated to Achieve Results

<b>FY2005 Component Budget: \$19,358,300</b>	<b>Personnel:</b>	
	Full time	231
	Part time	13
	<b>Total</b>	<b>244</b>

### Key Component Challenges

API continues to face a nursing crisis resulting from the State's less than competitive nursing salaries and a difficult work environment. API has a current vacancy rate of over 20% of its floor RN positions. The need to staff five patient units at a safe and therapeutic level 24 hours a day, 7 days a week forces the use of significant periods of mandatory overtime. The stress this causes results in nurses quitting, creating a vicious circle in this highly competitive market. API management believes it is vitally necessary to greatly reduce or eliminate the use of all overtime because of staff burnout and safety concerns.

In the summer of 2002, the Department of Transportation and Public Facilities awarded the API Replacement

design/build project to the Neeser Construction team. The new API is scheduled to open April 2005. The Department of Transportation and Public Facilities manage the project, but API staff will be actively involved in oversight to ensure that the design and construction comply with the vision and requirements of the original Request for Proposals for this complex project.

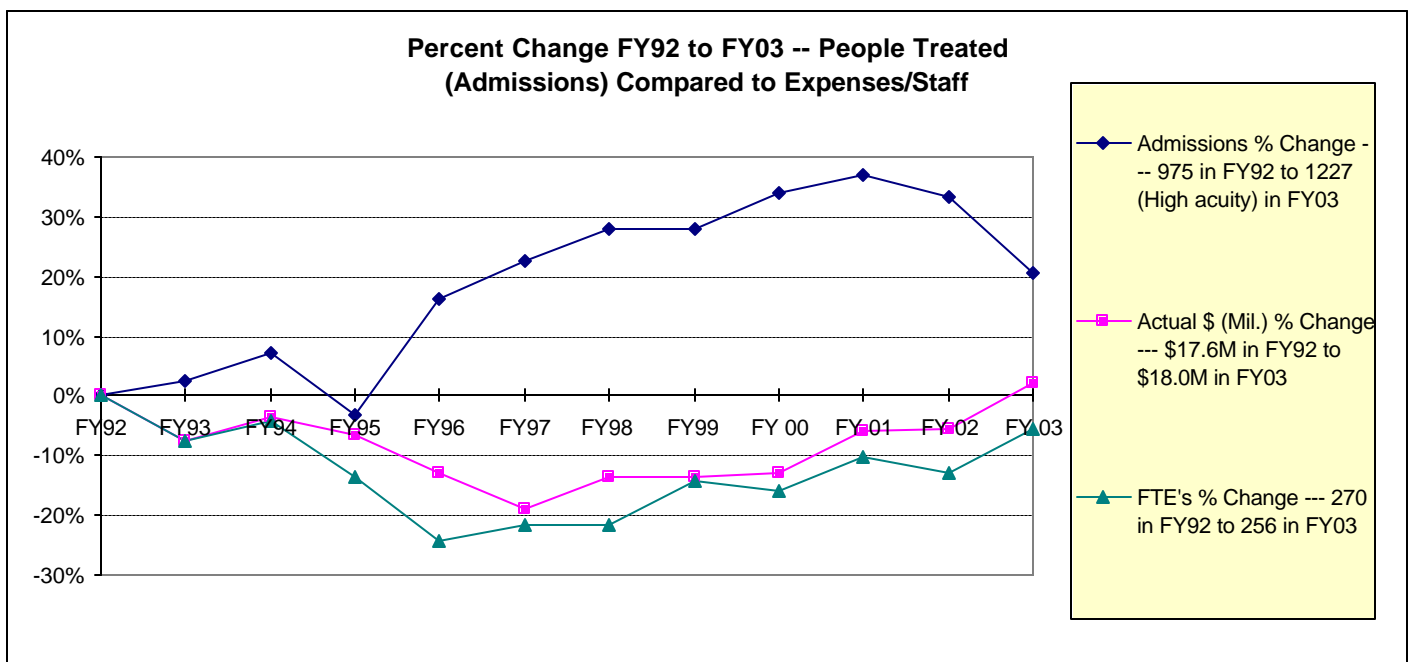
The Joint Commission on Accreditation of Healthcare Organizations accredits API. The federal funding agency, Centers for Medicare and Medicaid Services, relies upon a hospital's accreditation as proof that the quality of care being provided meets an acceptable level and justifies federal reimbursement to the State for the cost of a portion of the care API provides to both adolescent patients and the indigent adult population. If a hospital loses its accreditation, it loses its federal reimbursement. API's next accreditation review is scheduled for December 2003.

It has been extremely hard for rural communities to provide the level of mental health services needed within their catchment's areas, because of the geographical distances involved, lack of funding, and difficulty securing and retaining clinical staff. Telepsychiatry offers a vehicle to link rural communities with mental health professional resources to which they would not otherwise have access. Pilot Telepsychiatry efforts are now underway between API and some rural community mental health centers.

In the face of:

- 1) significant unbudgeted cost increases within the healthcare industry [the Alaska Department of Labor, quoting U.S. Department of Labor data, stated in its June, 2002 issue of Alaska Economic Trends, that "during the past decade medical care costs in Anchorage have grown by 63.1%, much faster than the overall (inflation) index that increased by 25.1%",
- 2) the health services industry is the fastest growing, and one of the larger sectors of Alaska's economy, as stated in the April 2003 issue of Alaska Economic Trends. There is no single explanation for this degree of growth other than Health care is an indispensable service and does not fit the classic economic model of supply and demand.
- 3) the fact that the State's salaries for its health care positions are not competitive, and
- 4) a doubling in admissions since FY95,

API must work creatively and effectively to be able to continue to provide quality inpatient services within the limitations of its budget and staffing levels. API is seeing an increase in acuity in admitted patients with the less severe clients being served through the designated Single Point of Entry Program. What that leaves API with are more severely disabled patients that require more intensive treatment and services with a longer stay. (See the figure below.)



## Significant Changes in Results to be Delivered in FY2005

Telemedicine is on the horizon with the advent of Tele-psychiatry to enhance the current inpatient and expand services for an outpatient program. In addition, API signed up through Medicare to bill for Part B services for inpatient services that should enhance Medicare reimbursement. API is evaluating streamlining processes to reduce overall cost of services and maintain a high quality of patient care.

Alaska Psychiatric Institute (API) proposes to develop a 15 bed acute care Gero-Psych Unit to serve the increasing demand for services to the 'aging' psychiatric population in Alaska. The API Gero-Psych Unit will be the only such inpatient service delivery unit in the state providing specialized psychiatric services to this population. Given the close working relationship with DHSS Pioneer Homes (Anchorage, Palmer) API anticipates a collaboration in referral processes along with the development of a limited Intensive Outpatient Program (IOP) to be located at the Pioneer Home. The API Gero-Psychiatrist would also be available to the Pioneer Homes and Senior and Disabilities Services for consultation.

The proposed API Gero-Psych Unit will benefit approximately 40,000 Medicare beneficiaries statewide (21,500 in Anchorage Bowl); establish inpatient psychiatric services to Trust beneficiaries; create additional, federal revenue for API; provide additional clinical consultation and support across DHSS operating divisions (Pioneer Homes, Senior and Disabilities Services). The proposed Gero-Psych Unit can be established with existing API employees or 'outsourced' to a national company specializing in the target population.

## Major Component Accomplishments in 2003

Maintained an increase in the quality of API's services while faced with a continued high rate of admissions with a higher acuity.

Managed to keep all patient units open in the face of substantive vacancies in API's nursing staff levels.

Continued API's progress in reducing the number of patients who leave without authorization from API grounds.

Surveyed by the Centers for Medicare and Medicaid Services in August of 2002, API was found to be fully in compliance with the Center's standards of care, and thus API maintains its eligibility for Medicaid reimbursement and Disproportionate Share Hospital payments. API is preparing for the scheduled Joint Commission of Accreditation of Hospital Organizations survey December 15, 2003.

Continued the working with Southcentral Counseling Center's Crisis Respite Center program and the Salvation Army's Clitheroe Treatment Center Enhanced Detox program. These programs are critical to reduce the bed demand at API.

## Statutory and Regulatory Authority

AS 12.47.010 - 130	Insanity and Competency to Stand Trial
AS 47.30.655 - 915	State Mental Health Policy (Hospitalization of Clients)
AS 18.20.010 - 390	Hospital (Regulations)
AS 08.86.010 - 230	Psychologists and Psychological Associates
AS 18.70.010 - 900	Fire Protection
AS 08.68.010 - 410	Nursing
AS 08.64.010 - 380	State Medical Board
AS 08.95.010 - 990	Clinical Social Workers
AS 08.84.010 - 190	Physical Therapists and Occupational Therapists

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### Alaska Psychiatric Institute Component Financial Summary

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	15,857.6	16,819.5	16,969.5
72000 Travel	57.3	66.2	63.3
73000 Contractual	1,463.7	1,196.0	1,089.6
74000 Supplies	1,361.2	1,021.0	1,019.2
75000 Equipment	47.1	110.0	47.3
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	174.2	169.4	169.4
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>18,961.1</b>	<b>19,382.1</b>	<b>19,358.3</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	223.2	272.6	122.8
1007 Inter-Agency Receipts	7,970.1	8,733.9	8,989.0
1037 General Fund / Mental Health	8,105.5	7,260.9	5,221.3
1061 Capital Improvement Project Receipts	227.8	240.1	248.9
1092 Mental Health Trust Authority Authorized Receipts	0.0	52.7	0.0
1108 Statutory Designated Program Receipts	2,434.5	2,821.9	4,776.3
<b>Funding Totals</b>	<b>18,961.1</b>	<b>19,382.1</b>	<b>19,358.3</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	7,970.1	8,733.9	8,989.0
Statutory Designated Program Receipts	51063	2,434.5	2,821.9	4,776.3
Capital Improvement Project Receipts	51200	227.8	240.1	248.9
<b>Restricted Total</b>		<b>10,632.4</b>	<b>11,795.9</b>	<b>14,014.2</b>
<b>Total Estimated Revenues</b>		<b>10,632.4</b>	<b>11,795.9</b>	<b>14,014.2</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>7,533.5</b>	<b>0.0</b>	<b>11,848.6</b>	<b>19,382.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Transfer for IT Consolidation to DAS Info Tech Services	-340.0	0.0	-42.0	-382.0
-Establish API GERO-Psych unit	-1,100.0	0.0	1,100.0	0.0
-Establish a Gero-Psych Intensive Outpatient Program	-350.0	0.0	350.0	0.0
-Implement "Part B" Medicare billings	-179.0	0.0	179.0	0.0
-Additional Medicaid Financing	-250.0	0.0	250.0	0.0
-Changes to Retirement and Other Personal Services Rates	243.7	0.0	382.9	626.6
-Move Utilization Review Increase incorrectly budgeted in API component (ADN 06-4-0054)	-52.8	0.0	-52.7	-105.5
<b>Proposed budget decreases:</b>				
-Department-wide travel reduction	-1.3	0.0	-1.6	-2.9
-Position deletions	-160.0	0.0	0.0	-160.0
<b>FY2005 Governor</b>	<b>5,344.1</b>	<b>0.0</b>	<b>14,014.2</b>	<b>19,358.3</b>



### Alaska Psychiatric Institute Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	238	231	Annual Salaries	11,818,559
Part-time	18	13	Premium Pay	711,545
Nonpermanent	34	35	Annual Benefits	5,239,015
			<i>Less 4.50% Vacancy Factor</i>	(799,610)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>290</b>	<b>279</b>	<b>Total Personal Services</b>	<b>16,969,509</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant IV	1	0	0	0	1
Accounting Clerk II	3	0	0	0	3
Accounting Spvr II	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	10	0	0	0	10
Administrative Clerk III	3	0	0	0	3
Assistant Medical Director	1	0	0	0	1
Asst Nurse Director	1	0	0	0	1
Correspondence Sec III	3	0	0	0	3
Custodial Services Spvr	1	0	0	0	1
Director of API	1	0	0	0	1
Enviro Services Journey I	5	0	0	0	5
Enviro Services Journey II	8	0	0	0	8
Facilities Manager I	1	0	0	0	1
Food Service Journey	2	0	0	0	2
Food Service Lead	3	0	0	0	3
Food Service Sub Journey	7	0	0	0	7
Food Service Supervisor	1	0	0	0	1
Health Practitioner I	1	0	0	0	1
Health Practitioner II	1	0	0	0	1
Health Program Mgr II	1	0	0	0	1
Human Resource Assistant	1	0	0	0	1
Human Resource Technician I	1	0	0	0	1
Industrial Therapist	1	0	0	0	1
Maint Gen Journey	1	0	0	0	1
Maint Gen Sub - Journey I	1	0	0	0	1
Maint Gen Sub - Journey II	1	0	0	0	1
Maint Spec Bfc Foreman	1	0	0	0	1
Maint Spec Bfc Journey I	2	0	0	0	2
Maint Spec Bfc Jrny II/Lead	1	0	0	0	1
Maint Spec Plumb Jrny II	1	0	0	0	1
Medical Officer	1	0	0	0	1
Medical Record Admin	1	0	0	0	1
Medical Records Asst	1	0	0	0	1
Mntl Hlth Clinician II	6	0	0	0	6
Mntl Hlth Clinician III	6	0	0	0	6
Mntl Hlth Clinician IV	2	0	0	0	2
Nurse I	3	0	0	0	3
Nurse II (Psych)	54	0	0	0	54

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Nurse III (Psych)	10	0	0	0	10
Nurse IV (Psych)	1	0	0	0	1
Nursing Director	1	0	0	0	1
Occ Therapist I	1	0	0	0	1
Occ Therapist II	1	0	0	0	1
Paralegal II	1	0	0	0	1
Pharmacist	1	0	0	0	1
Pharmacy Technician	1	0	0	0	1
Psych Nurse Asst I	37	0	0	0	37
Psych Nurse Asst II	5	0	0	0	5
Psych Nurse Asst III	44	0	0	0	44
Psych Nurse Asst IV	13	0	0	0	13
Recreation Therapist I	3	0	0	0	3
Recreational Therapist II	1	0	0	0	1
Research Analyst I	1	0	0	0	1
Secretary	1	0	0	0	1
Security Guard I	3	0	0	0	3
Staff Psychiatrist	8	0	0	0	8
Stock & Parts Svcs Sub Journey	2	0	0	0	2
Supply Technician II	1	0	0	0	1
Word Proc Cen Spvr	1	0	0	0	1
<b>Totals</b>	<b>279</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>279</b>